

Case Study

Q.1. Mr. Shashikant, aged 45 years, is an Indian citizen and a member of the crew of a Singapore bound Indian ship engaged in carriage of passengers in international traffic departing from Chennai port on 29th May, 2023.

Particulars	Date
Date entered into the Continuous Discharge Certificate in respect of joining the ship by Mr. Shashikant	29th May, 2023
Date entered into the Continuous Discharge Certificate in respect of signing off the ship by Mr. Shashikant	19th December, 2023

He stayed in India in the last 4 previous years preceding the P.Y. 2023-24 for 400 days and for a period of 750 days in the last 7 previous years preceding to P.Y. 2023-24. He received salary of ₹ 7,20,000 for services rendered outside India, in his NRE account maintained with State Bank of India, Chennai Branch.

He also furnished details of other income earned by him during the previous year 2023-24:

S.no	Particulars	Amount (₹)
1.	Dividend declared in the month of April, 2021 by X limited, a Singapore company. The same was received by him in Singapore	1,00,000
2.	Agriculture income from land in Pakistan received in India	2,50,000
3.	Rent received from house property in Chennai	3,60,000

Based on the facts of the case scenario given above, choose the most appropriate answer to the following questions:

- 1.1 What is Mr. Shashikant's residential status for the P.Y 2023-24?
 - (a) Resident and ordinarily resident
 - (b) Resident but not ordinarily resident
 - (c) Non-resident
 - (d) Deemed resident

- 1.2 What would be the total income of Mr. Shashikant for A.Y. 2024-25 assume that he does not opt to pay tax under section 115BAC?
 - (a) ₹ 7,10,000
 - (b) ₹ 11,72,000
 - (c) ₹ 5,02,000
 - (d) ₹ 6,02,000

- 1.3. Assume for the purpose of answering this question that Mr. Shashikant has transferred his house property in Chennai to his minor married daughter on 1st April, 2023 and his wife is a housewife and does not have any income. The minor married daughter receives the rent from house property. In such case, his total income would be -
 - (a) ₹ 5,00,500
 - (b) ₹ 6,00,500
 - (c) ₹ 5,02,000
 - (d) ₹ 6,02,000

- 1.4. Mr. Shashikant would like to minimize his tax liability and consulted you to compute the amount of same for the P.Y. 2023-24. Accordingly, his tax liability (rounded off) would be

- (a) ₹ 13,420
- (b) ₹ 13,210
- (c) ₹ 23,610
- (d) ₹ 34,840

Answer Keys

Question No.	Answer
1.1	(c) Non-resident
1.2	(c) ₹ 5,02,000
1.3	(a) ₹ 5,00,500
1.4	(b) ₹ 13,210

Q.2. Mr. Suraj (aged 48 years) furnishes the following particulars for the previous year 2023-24 in respect of an industrial undertaking established in "Special Economic Zone" in March 2016. It began manufacturing in April 2016.

Particulars	(₹)
Total sales	85,00,000
Export sales [proceeds received in India]	45,00,000
Domestic sales	40,00,000
Profit from the above undertaking	20,00,000

Export Sales of F.Y. of 2023-24 include freight and insurance of ₹ 5 lacs for delivery of goods outside India.

He received rent of ₹ 25,000 per month for a commercial property let out to Mr. Sudhir, a salaried individual. He earned interest on Savings Bank A/c of ₹ 12,500 and interest on Post Office Savings A/c of ₹ 5,500 during the P.Y. 2023-24.

Based on the facts of the case scenario given above, choose the most appropriate answer to the following questions:

2.1 Compute the amount of export turnover and total turnover for purpose of computing deduction under section 10AA for A.Y. 2024-25.

- (a) ₹ 45,00,000 and ₹ 85,00,000, respectively
- (b) ₹ 40,00,000 and ₹ 80,00,000, respectively
- (c) ₹ 45,00,000 and ₹ 80,00,000, respectively
- (d) ₹ 40,00,000 and ₹ 85,00,000, respectively

2.2 Compute the amount of deduction available under section 10AA to Mr. Suraj under section 10AA for A.Y. 2024-25.

- (a) ₹ 10,00,000
- (b) ₹ 4,70,577
- (c) ₹ 5,62,500
- (d) ₹ 5,00,000

2.3. Assume for the purpose of this question only that Mr. Suraj established SEZ Unit and began manufacturing in April, 2018. Compute the amount of deduction available under section 10AA for A.Y. 2024-25.

- (a) ₹ 10,00,000
- (b) ₹ 9,41,154

(c) ₹ 11,25,000

(d) ₹ 5,00,000

2.4 Compute the total income of Mr. Suraj for the previous year 2023-24, assuming that he does not opt to pay tax under section 115BAC.

(a) ₹ 12,14,500

(b) ₹ 17,18,000

(c) ₹ 17,14,500

(d) ₹ 17,28,000

Answer Keys

Question No.	Answer
2.1	(b) ₹ 40,00,000 and ₹ 80,00,000, respectively
2.2	(d) ₹ 5,00,000
2.3	(a) ₹ 10,00,000
2.4	(c) ₹ 17,14,500

Q.3. Mr. Kishan is engaged in the following activities on agricultural land situated in India, total area of land is 5 acres.

Activity A: He grows saplings or seedlings in a nursery spreading over on one acre land, the sale proceeds of which is ₹ 5,00,000. Cost of plantation is ₹ 1,40,000. Basic operations are not performed for growing saplings or seedlings.

Activity B: He grows cotton on 3 acres land. 40% of cotton produce is sold for ₹ 4,00,000, the cost of cultivation of which is ₹ 2,25,000.

The cost of cultivation of balance 60% cotton is ₹ 3,37,500 and the market value of the same is ₹ 6,00,000, which is used for the purpose of manufacturing yarn. After incurring manufacturing expenses of ₹ 1,00,000, yarn is sold for ₹ 8,50,00.

Activity C: Land measuring 1 acres is let out to Mr. Ramesh on monthly rental of ₹ 15,000 which is used by Mr. Ramesh as follows:

- 50% of land is used for agricultural purpose
- 50% of land is used for non-agricultural purpose.

Based on the facts of the case scenario given above, choose the most appropriate answer to the following questions:

3.1 What amount of income arising from activity A would constitute agricultural income in the hands of Mr. Kishan?

(a) ₹ 5,00,000

(b) Nil

(c) ₹ 3,60,000

(d) ₹ 1,40,000

3.2. What amount of income from activity B with respect to sale of cotton would constitute agricultural income or/and business income in the hands of Mr. Kishan?

(a) ₹ 1,75,000 as agricultural income

(b) ₹ 1,75,000 as business income

(c) ₹ 1,75,000 as agricultural income and ₹ 2,62,500 as business income

(d) ₹ 4,00,000 as agricultural income

- 3.3. What amount of the income from activity B with respect to sale of yarn constitute agricultural income or/and business income in the hands of Mr. Kishan?
- ₹ 1,50,000 as agricultural income
 - ₹ 2,62,500 as agricultural income and ₹ 1,50,000 as business income
 - ₹ 3,37,500 as agricultural income and ₹ 1,50,000 as business income
 - ₹ 4,12,500 as business income
- 3.4. What amount of income arising from activity C constitute agricultural income or otherwise in the hands of Mr. Kishan?
- Whole amount of ₹ 1,80,000 would be agricultural income
 - Whole amount of ₹ 1,80,000 would be business income.
 - ₹ 90,000 would be agricultural income and ₹ 63,000 is chargeable to tax as income from house property
 - ₹ 90,000 would be agricultural income and ₹ 90,000 is chargeable to tax under the head "Income from Other Sources"
- 3.5. Compute the gross total income of Mr. Kishan for the P.Y. 2023-24, assuming he has no other source of income.
- ₹ 2,40,000
 - ₹ 3,30,000
 - ₹ 5,02,500
 - ₹ 2,13,000

Answer Keys

Question No.	Answer
3.1	(c) ₹ 3,60,000
3.2	(a) ₹ 1,75,000 as agricultural income
3.3	(b) ₹ 2,62,500 as agricultural income and ₹ 1,50,000 as business income
3.4	(d) ₹ 90,000 would be agricultural income and ₹ 90,000 is chargeable to tax under the head "Income from Other Sources"
3.5	(a) ₹ 2,40,000

Q.4. Mr. Rajesh Sharma, aged 54 years, an Indian citizen, is working as Assistant Manager in ABC India Ltd. He is getting basic salary of ₹ 58,000 per month. He used to travel frequently out of India for his office work. He left India from Delhi Airport on 5th October, 2023 and returned to India on 2nd April, 2024.

For previous year 2023-24, following information's are relevant;

- Dearness Allowance - 10% of Basic Pay (considered for retirement purposes)
- Bonus - ₹ 98,000
- Medical allowance paid during P.Y. 2023-24 amounting to ₹ 60,000
- He was also reimbursed medical bill of his mother amounting to ₹ 15,000.
- He was also transferred a laptop by company for ₹ 15,000 on 31st December, 2023. The laptop was acquired by company on 1st October, 2020 for ₹ 1,00,000. Company was charging depreciation at 31.666% assuming useful life of laptop as 3 years.
- He was also reimbursed salary of house servant of ₹ 4,000 per month.
- Professional Tax paid by employer amounting to ₹ 2,400.
- 400 equity shares allotted by ABC India Ltd. at the rate of ₹ 250 per share against fair market value of share of ₹ 350 on the date of exercise of option.

- i. Short-term capital gain on sale of shares of listed company on which STT is paid amounting to ₹ 94,000.
- j. Mr. Rajesh does not opt to pay tax under section 115BAC.

Based on the facts of the case scenario given above, choose the most appropriate answer to the following questions:

4.1 What is Mr. Rajesh Sharma's residential status for the A.Y. 2024-25?

- (a) Resident but can't determine resident and ordinarily resident or resident but not ordinarily resident, from the given information
- (b) Non-Resident
- (c) Resident but not ordinarily resident
- (d) Resident and ordinarily resident

4.2 What are his taxable perquisites for A.Y. 2024-25?

- (a) ₹ 55,000
- (b) ₹ 90,400
- (c) ₹ 1,05,400
- (d) ₹ 1,03,000

4.3 What is the income chargeable under the head "Salaries" in the hands of Mr. Rajesh Sharma for A.Y. 2024-25?

- (a) ₹ 9,76,600
- (b) ₹ 9,86,600
- (c) ₹ 9,71,600
- (d) ₹ 9,61,600

4.4 The total tax liability of Mr. Rajesh Sharma for A.Y. 2024-25 is:

- (a) ₹ 1,26,800
- (b) ₹ 1,40,710
- (c) ₹ 1,12,130
- (d) ₹ 1,39,960

4.5 Assume for the purpose of this question only, that Mr. Rajesh was found owner of ₹ 5 lakh worth jewellery acquired in F.Y. 2023-24, of which he could not provide any satisfactory explanation about source of income. What would be the tax liability (without considering surcharge and Health and education cess, if any) of Mr. Rajesh Sharma towards such unexplained expenditure:

- (a) ₹ 1,00,000
- (b) ₹ 1,50,000
- (c) ₹ 3,00,000
- (d) ₹ 3,90,000

Answer Keys

Question No.	Answer
4.1	(a) Resident but can't determine resident and ordinarily resident or resident but not ordinarily resident, from the given information
4.2	(c) ₹ 1,05,400
4.3	(a) ₹ 9,76,600
4.4	(a) ₹ 1,26,800

Q.5. Mr. Hardik (age 45 years) is appointed as senior executive officer in Sky India Limited, Mumbai on 01.02.2023 in the scale of ₹ 35,000- 3500-65,000. He is paid dearness allowance @ 40% of salary forming part of retirement benefits.

He is given rent free unfurnished accommodation on 01.5.2023 which he occupied only from 01.10.2023. The company pays lease rent of ₹ 5,000 p.m.

He has been provided a car of above 1.6 litres capacity which is used by him for private purposes only. The actual cost of the car is ₹ 8,00,000. The monthly expenditure of car is ₹ 5,000, which is fully met by the employer. Car is owned by his employer.

He pays lumpsum premium of ₹ 1,20,000 towards health insurance for self and his wife (age 43 years) for 48 months on 01.10.2023 by account payee cheque. He also contributes ₹ 1,50,000 towards PPF.

Mr. Hardik is interested to opt for concessional tax regime available under section 115BAC. Based on the facts of the case scenario given above, choose the most appropriate answer to the following questions:

5.1 What would be the value of rent-free accommodation chargeable to tax in the hands of Mr. Hardik?

- (a) ₹ 44,835
- (b) ₹ 44,100
- (c) ₹ 45,570
- (d) ₹ 30,000

5.2 What amount of health insurance premium paid during the previous year 2023-24 by Mr. Hardik can be claimed as deduction while computing total income, if he does not opt to pay tax under section 115BAC?

- (a) ₹ 30,000
- (b) ₹ 15,000
- (c) ₹ 24,000
- (d) ₹ 25,000

5.3 What would be perquisite value of car chargeable to tax in the hands of Mr. Hardik?

- (a) ₹ 28,800
- (b) ₹ 21,600
- (c) ₹ 60,000
- (d) ₹ 1,40,000

5.4 What would you advise to Mr. Hardik to opt to pay tax under section 115BAC?

- (a) Yes, Mr. Hardik can opt for section 115BAC, since in such case his tax liability would be ₹ 22,760, being lower than the tax liability under normal provisions of the Act
- (b) Yes, Mr. Hardik can opt for concessional tax regime, since in such case his tax liability would be ₹ 17,560 being lower than the tax liability under normal provisions of the Act.
- (c) No, Mr. Hardik should not opt, since as per normal provisions of the Act, his tax liability would be ₹ 32,510, being lower than the tax liability under section 115BAC
- (d) No, Mr. Hardik should not opt, since as per normal provisions of the Act, his tax liability would be ₹ 22,110, being lower than the tax liability under section 115BAC

Answer Keys

Question No.	Answer
5.1	(d) ₹ 30,000
5.2	(c) ₹ 24,000
5.3	(d) ₹ 1,40,000
5.4	(d) No, Mr. Hardik should not opt, since as per normal provisions of the Act, his tax liability would be ₹ 22,110, being lower than the tax liability under section 115BAC

Q.6. Ananya Gupta, a citizen of India, lives with her family in New York since the year 2000. She visited India from 21st March, 2023 to 28th September, 2023 to take care of her ailing mother. In the last four years, she has been visiting India for 100 days every year to be with her mother. She owns an apartment at New York, which is used as her residence. The expected rent of the house is \$ 32,000 p.a. The value of one USD (\$) may be taken as ₹ 75. Municipal taxes paid in New York in January, 2024 are \$ 2,000.

She took ownership and possession of her house in New Delhi on 25th March, 2023, for self-occupation, while she is in India. The municipal valuation is 4,20,000 p.a. and the fair rent is ₹ 4,50,000 p.a. She paid property tax of ₹ 22,000 to Delhi Municipal Corporation on 21st March, 2024. She had taken a loan of ₹ 16 lakhs @ 10% p.a. from IDBI Bank on 1st April, 2019 for constructing this house and the construction got completed on 20th March, 2023. No amount has been paid towards principal repayment so far. The house is vacant for the rest of the year i.e., from October 2023 to March 2024.

She had a house property in Mumbai, which was sold on 28th March, 2023. In respect of this house, she received arrears of rent of ₹ 3,00,000 on 4th February, 2024. This amount has not been charged to tax earlier. She does not have any income under any other source in India during previous year in 2023-24.

Ananya Gupta does not want to opt for the new tax regime under section 115BAC for A.Y. 2024-25.

Based on the facts of the case scenario given above, choose the most appropriate answer to the following questions:

6.1. What would be the residential status of Ananya Gupta for A.Y. 2023-24?

- (a) Resident and ordinarily resident
- (b) Resident but not ordinarily resident
- (c) Deemed resident but not ordinarily resident in India
- (d) Non-resident

6.2. Ms. Ananya Gupta can claim benefit of "Nil" Annual Value under section 23(2) in respect of -

- (a) Her Delhi house
- (b) Her New York house, since it is more beneficial; her Delhi house will be deemed to be let out and expected rent would be the annual value.
- (c) Her Delhi house alone; her New York house will be deemed to be let out and expected rent would be the annual value.
- (d) Both her Delhi house and New York house, since benefit of Nil Annual value u/s 23(2) is available in respect of two house properties.

6.3. What is the income chargeable under the head “Income from house property” of Ananya Gupta for A.Y. 2024-25?

- (a) ₹ 15,65,000
- (b) ₹ 3,09,600
- (c) ₹ 1,00,000
- (d) ₹ 10,000

6.4. Assuming that, for the purpose of this question alone, Ananya Gupta has let out her flat in New York during the six months (April to September) when she is in India, for a sum of \$ 6,000 p.m. Such rent was received in a bank account in New York and then remitted to India through approved banking channels. What would be the income from house property chargeable to tax in her hands in India for A.Y. 2024-25?

- (a) ₹ 10,000
- (b) ₹ 17,85,000
- (c) ₹ 17,95,000
- (d) ₹ 18,85,000

Answer Keys

Question No.	Answer
6.1	(d) Non-resident
6.2	(a) Her Delhi house
6.3	(d) ₹ 10,000
6.4	(a) ₹ 10,000

Q.7. Ram Builders & Developers is the sole-proprietorship concern of Mr. Ram. The main business of the concern is the construction, development and sale of residential and commercial units. Ram Builders & Developers developed a project named Luxuria Heaven, which has both residential and commercial units with its own funds. It obtained certificate of completion for the said project with effect from 31/03/2023. Ram sold majority of its residential units and commercial units in the F.Y.2023-24. However, around 30 residential units and 15 commercial units were held by him as stock in trade as on 31.3.2024. During this period, there was a slump in the real estate sector. In order to earn some income from these units, Ram incidentally lets out some of the units held as stock-in-trade. The details of units constructed, sold and held as stock-in-trade are given hereunder:

Particulars	Total Units constructed	Units sold	Units held as stock-in-trade as on 31.3.2024 [(2) – (3)]	Units let out during P.Y.2023-24 out of (4)	Units vacant during the whole of P.Y.2023-24 [(4) – (5)]	Actual rent per unit per month [in respect of let out units mentioned in (5)]
(1)	(2)	(3)	(4)	(5)	(6)	(7)
Residential Units	100	70	30	10	20	10,000 pm.
Commercial Units	40	25	15	5	10	18,000 pm.
	140	95	45	15	30	

Out of the residential units sold, 5 residential units were sold to his friend, Mr. Gaurav, who is also a real estate developer, on 15.2.2024, for ₹ 20 lakhs each. The stamp duty value

on the date of sale was ₹ 23 lakhs each. However, the agreement of sale was entered into on 1.11.2023, on which the date the stamp duty value was 22 lakhs. Mr. Ram received ₹ 1 lakh by way of account payee bank draft on 1.11.2023 from Mr. Gaurav.

Based on the facts of the case scenario given above, choose the most appropriate answer to the following questions:

- 7.1. While computing the total income of Mr. Ram, the income from residential and commercial units let out during the P.Y.2023-24 will be taxed under head:
- Income from house property
 - Profits and gains of business or profession
 - Income from let out residential units will be taxed under the head “Income from house property” and income from let out commercial units will be taxed under the head “Profits and gains of business or profession”
 - Income from other source.
- 7.2. What would be the tax treatment of vacant residential and commercial units held as stock in trade as on 31.3.2024?
- The vacant residential units would be deemed to be let out and expected rent would be deemed as the annual value chargeable to tax under the head “Income from house property” for A.Y. 2024-25.
 - The vacant units, both residential and commercial, would be deemed to be let out and expected rent would be deemed as the annual value chargeable to tax under the head “Income from house property” for A.Y. 2024-25.
 - The annual value of both vacant residential and commercial units would be Nil for A.Y.2024-25. Hence, no income is chargeable for such units under the head “Income from house property” for A.Y. 2024-25.
 - Vacant units held as stock-in-trade can never be deemed as let out at any point of time
- 7.3. What would be the full value of consideration in respect of sale of units to Mr. Gaurav for the purpose of computing profits and gains from transfer of units?
- ₹ 1,00,00,000
 - ₹ 1,15,00,000
 - ₹ 1,10,00,000
 - ₹ 99,00,000
- 7.4. Assume that ₹ 1 lakh was paid in cash by Mr. Gaurav to Mr. Ram on 1.11.2023 instead of by way of account payee bank draft, what would be the income chargeable under section 56(2)(x) in the hands of Mr. Gaurav?
- ₹ 15 lakh
 - ₹ 10 lakh
 - Nil, since the stamp duty value is within the permissible deviation limit
 - Nil, since section 56(2)(x) is not applicable in this case

Answer Keys

Question No.	Answer
7.1	(a) Income from house property.
7.2	(c) The annual value of both vacant residential and commercial units would be Nil for A.Y.2024-25. Hence, no income is chargeable for such units under the head “Income from house property” for A.Y. 2024-

		25.
7.3	(a)	₹ 1,00,00,000
7.4	(d)	Nil, since section 56(2)(x) is not applicable in this case

Q.8. For the assessment year 2024-25, Mr. Sonu submits the following information:

Particulars	Building at Chennai (₹)	Building at Kochi (₹)
Municipal valuation	35,000	80,000
Standard Rent	36,000	70,000
Fair Rent	31,000	82,000
Rent received	38,000	68,000
Municipal taxes paid by tenant Mr. Ramu for building at Chennai and paid by Mr. Sonu for Building at Kochi.	3,000	4,000
Repairs paid by tenant Mr. Ramu for Chennai building and Mr. Sonu paid for Kochi buildings	500	18,000
Land revenue paid	2,000	16,000
Insurance premium paid	500	2,000
Interest on loan borrowed for payment of municipal tax of house property	200	400
Nature of occupation	Let out for residence	Let out for business
Date of completion of construction	1.4.1996	1.7.2008

Mr. Sonu is constructing one more building in Mumbai during the previous year 2023-24. Mr. Raju, a film director, took on rent the building under construction in Mumbai at Rs 5,000 per month for his film shooting. The construction of the said building would be completed by April 2023. Mr. Sonu is a real estate developer and letting out properties is not the business of Mr. Sonu.

Based on the facts of the case scenario given above, choose the most appropriate answer to the following questions:

- 8.1. Which of the building's income is chargeable to tax under the head "Income from house property" in the hands of Mr. Sonu?
- Building at Chennai only
 - Building at Kochi only
 - Both buildings at Chennai and Kochi
 - All the three buildings at Chennai, Kochi and Mumbai
- 8.2. Which of the following payments/expenditure is allowable as deduction while computing income under the head "Income from house property" incurred in respect of the building at Chennai and Kochi?
- Municipal taxes paid by Mr. Sonu and Mr. Ramu
 - Municipal tax, land revenue, insurance premium, interest on loan borrowed for payment of Municipal tax paid by Mr. Sonu

- (c) Only municipal tax paid by Mr. Sonu
 (d) Both Municipal tax and repairs paid by Mr. Sonu

8.3. Under which head of income, the amount received from Mr. Raju would be chargeable to tax?

- (a) Income from house property
 (b) Profits and gains from business or profession
 (c) Income from other sources
 (d) Income from house property or Income from other sources, at the option of Mr. Sonu

8.4. What is the amount chargeable to tax under the Income from house property in the hands of Mr. Sonu for the P.Y. 2023-24?

- (a) ₹ 72,800
 (b) ₹ 81,200
 (c) ₹ 1,14,800
 (d) ₹ 70,700

Answer Keys

Question No.	Answer
8.1	(c) Both buildings at Chennai and Kochi
8.2	(c) Only municipal tax paid by Mr. Sonu
8.3	(c) Income from other sources
8.4	(a) ₹ 72,800

Q.9. Mr. Ganesh (a salaried person) has three houses. One in Thane (Maharashtra), second in Jaipur (Rajasthan) and third in Ratlam (Madhya Pradesh). Details of the flats/houses are as follows:

- ❖ **Thane flat:** 3 BHK flat purchased in April, 2004 for ₹ 90 lakhs. Afterwards, interior work done in 2006 of ₹ 15 lakhs. Mr. Ganesh took loan of ₹ 65 Lakhs for purchase of this flat in 2001 and settled full loan in 2020.
- ❖ **Jaipur house:** Purchased in July, 2020 of ₹ 62 Lakhs and interior work done in September, 2021 of ₹ 15 Lakhs. Loan taken for purchase of this house of ₹ 15 Lakhs in June, 2020. As per interest certificate, he paid ₹ 12,00,500 and ₹ 43,500 towards principal and interest, respectively, during P.Y 2023-24.
- ❖ **Ratlam House:** Purchased in December 2021 for ₹ 70 lakhs (stamp duty value of ₹ 65 lakhs). For acquiring this house, he took loan of ₹ 40 Lakhs from Canara Bank. Loan was sanctioned on 1.8.2021. He pays EMI of ₹ 38,100 per month. As per interest certificate, for the previous year 2023-24, he paid ₹ 60,900 and ₹ 3,96,300 towards principal and interest, respectively.

Particulars	Thane House	Jaipur House (Apr-23 to Dec- 23)	Ratlam House
Municipal Taxes paid	18,574	8,090	6,909
Municipal value (per month)	30,500	6,800	7,200
Fair Rent (per month)	33,000	7,000	7,500
Standard Rent (per month)	32,000	8,000	7,300

Other details are as follows:

- He has sold Jaipur house on 1st January, 2024 for ₹ 90 Lakhs and invested ₹ 15 Lakh in RECL bonds issued by the Central Government on 10th August 2024.
- Mr. Ganesh is working in WinDoor Exports Pvt Ltd, Mumbai and self-occupied Thane flat. He earned salary of ₹ 22,50,350 for the previous year 2023-24.
- He has no other income from any source for the P.Y. 2023-24.

- He has given Ratlam house on rent for F.Y. 2023-24 to Mr. Pratap on a monthly rent of ₹ 8,500.
- He has given Jaipur house on rent for the period of April,2023 to June, 2023 to Mrs. Madhura Mahto on monthly rent of ₹ 7,100 and vacant for remaining period from July, 2023 to December,2023.

Mr. Ganesha would not like to opt concessional tax rates available under section 115BAC.

Cost inflation index (CII) for the Financial Year (F.Y.) 2019-20 is 289; 2020-21: 301; F.Y. 2023-24: 348.

Based on the facts of the case scenario given above, choose the most appropriate answer to the following questions:

9.1. What would be Net Annual Value of each house for the previous year 2023-24?

- (a) Thane – Nil ; Jaipur – ₹ 13,210 ; Ratlam – ₹ 95,091
- (b) Thane – Nil ; Jaipur – ₹ 54,910 ; Ratlam – ₹ 95,091
- (c) Thane – Nil ; Jaipur – ₹ 21,300 ; Ratlam – ₹ 1,02,000
- (d) Thane – Nil ; Jaipur – ₹ 13,210 ; Ratlam – ₹ 80,691

9.2. What would be income/loss under the head “Income from house property” in the hands of Mr. Ganesha?

- (a) Loss of ₹ 1,67,689
- (b) Loss of ₹ 2,86,236
- (c) Loss of ₹ 3,20,489
- (d) Loss of ₹ 3,63,989

9.3. How much amount will be carried forward as loss from house property for the subsequent assessment year 2025-26?

- (a) ₹ 3,63,989
- (b) ₹ 1,63,989
- (c) ₹ 2,00,000
- (d) ₹ 1,50,000

9.4. What would the amount of capital gains chargeable to tax in the hands of Mr. Ganesha during the previous year 2023-24?

- (a) Short-term capital gains of 15,00,000
- (b) Long-term capital gains of ₹ 23,35,000
- (c) Long-term capital gain of ₹ 7,72,716
- (d) Long-term capital gain of ₹ Nil, since he is eligible for deduction u/s 54EC in respect of amount invested in RECL bonds issued by Central Government

9.5. What would be the gross total income of Mr. Ganesha for the A.Y. 2024-25?

- (a) ₹ 28,23,070
- (b) ₹ 26,23,070
- (c) ₹ 27,73,070
- (d) ₹ 43,85,350

Answer Keys

Question No.	Answer
9.1	(a) Thane – Nil ; Jaipur – ₹ 13,210 ; Ratlam – ₹ 95,091
9.2	(d) Loss of ₹ 3,63,989

9.3	(b)	₹ 1,63,989
9.4	(c)	Long-term capital gain of ₹ 7,72,716
9.5	(c)	₹ 27,73,070

Q.10. “LUX Enterprise” a proprietorship firm of Mr. Lucifer Morningstar, a resident individual, in Maharashtra engaged in business of printing and publishing. The following details pertain to the assets of the business:

Particulars	Date of purchase	Date of put to use	Amount
Office building superstructure constructed on leased land	30.09.2023	30.12.2023	1,85,00,000
BMW M4 convertible car	23.08.2021	25.08.2021	94,80,000
Machineries used in printing and publishing process	25.09.2023	15.10.2023	9,12,500

Notes:

- (1) Car is also used for personal purposes; disallowance for personal use may be taken at 20%.
- (2) Written down value of Plant & Machinery (Depreciable @15%) as on 1.4.2023 is ₹ 1,45,00,000.

Based on the facts of the case scenario given above, choose the most appropriate answer to the following questions, assuming all the aforementioned assets are purchased through account payee cheque:

- 10.1. What would be the amount of depreciation allowable on plant and machinery (@15%) for the previous year 2023-24?
 - (a) ₹ 24,25,938
 - (b) ₹ 23,34,688
 - (c) ₹ 24,94,376
 - (d) ₹ 24,03,126
- 10.2. What would be the WDV of plant and machinery (Depreciable@15%) as on 1.4.2024?
 - (a) ₹ 1,29,86,562
 - (b) ₹ 1,29,18,124
 - (c) ₹ 1,30,77,812
 - (d) ₹ 1,21,65,312
- 10.3. What would the WDV of Office building superstructure constructed on leased land as on 1.4.2024?
 - (a) ₹ 1,85,00,000
 - (b) ₹ 1,66,50,000
 - (c) ₹ 1,75,75,000
 - (d) ₹ 1,57,25,000
- 10.4. What would be the amount of depreciation allowable on BMW M4 convertible car for the previous year 2023-24?
 - (a) ₹ 22,75,200
 - (b) ₹ 11,37,600
 - (c) ₹ 10,01,088
 - (d) ₹ 17,29,152

Answer Keys

Question No.	Answer
10.1	(b) ₹ 23,34,688
10.2	(c) ₹ 1,30,77,812
10.3	(c) ₹ 1,75,75,000
10.4	(d) ₹ 17,29,152

Q.11. In case of Slump sale full value of consideration shall be (*amendment based*)

- a) Net consideration
- b) Fair market value
- c) Net worth
- d) None of above

Answer Keys

Question No.	Answer
11	(b) Fair market value

Q.12. ABC & Co. is a partnership firm engaged in the business of sale of footwear. The partnership firm consist of three partners – A, B & C. A & B are working partners and C is a sleeping partner. The firm is liable to tax audit under section 44AB of the Act. It has a book profit of ₹ 11,50,000.

Following payments were made to partners as authorised by the partnership deed:

- Remuneration to A & B - ₹ 32,000 p. m. to each partner
- Remuneration to C - ₹ 10,000 p. m.
- Interest on capital @ 19.5% to A & B - ₹ 18,500 p. a. to each partner
- Interest on capital @ 17% to C - ₹ 10,540 p. a.

The firm has following brought forward losses of past years:

A.Y.	Business loss	Unabsorbed depreciation	Long-term capital loss
2019-20	26,000	17,600	5,300
2020-21	78,000	29,860	-
2021-22	1,05,670	54,180	13,470

Based on the facts of the case scenario given above, choose the most appropriate answer to the following questions:

- 12.1 What amount of interest is allowable as deduction in the hands of firm while computing profits and gains from business or profession?
- (a) ₹ 29,040
 - (b) ₹ 22,769
 - (c) ₹ 47,540
 - (d) ₹ 30,209
- 12.2. What amount of remuneration not allowable as deduction in the hands of firm while computing profits and gains from business or profession?
- (a) ₹ 1,20,000
 - (b) Nil
 - (c) ₹ 1,08,000
 - (d) ₹ 78,000

- 12.3. What is the due date of filing of return of income for Mr. A and Mr. C for the A.Y. 2024-25?
- 31st July 2024 for Mr. C and 30th September 2024 for Mr. A
 - 31st July 2024 for Mr. C and 31st October 2024 for Mr. A
 - 31st October 2024 for both Mr. A and Mr. C
 - 31st October 2024 for Mr. C and 31st July 2024 for Mr. A
- 12.4. What would be the income under the head “Profits and gains from business or profession” in the hands of ABC & Co. for the A.Y. 2024-25?
- ₹ 70,690
 - ₹ 1,72,330
 - ₹ 51,920
 - ₹ 1,53,560

Answer Keys

Question No.	Answer
12.1	(d) ₹ 30,209
12.2	(a) ₹ 1,20,000
12.3	(c) 31st October 2024 for both Mr. A and Mr. C
12.4	(b) ₹ 1,72,330

Q.13. Mr. Sarthak (age 37 years) a share broker sold a building to his friend Anay who is dealer in automobile spare parts for Rs 120 lakhs on 10.11.2023 when the stamp duty value was Rs 150 lakhs. The agreement was, however, entered into on 1.9.2023 when the stamp duty value was Rs 140 lakh. Mr. Sarthak has received a down payment of Rs 15 lakh by a crossed cheque from Anay on the date of agreement. Mr. Sarthak purchased a building for Rs 95 lakhs on 10.5.2018. Further, Mr. Sarthak also sold an agriculture land (situated in village which has a population of 5,800) for Rs 60 lakhs to Mr. Vivek on 1.3.2024, which he acquired on 15.6.2015 for Rs 45 lakhs SDV of agricultural land as on 1.3.2024 is Rs 65 lakhs.
CII FY 2015-16: 254 FY 2018-19: 280 FY 2023-24: 381

Based on above answer the following questions:

- 13.1. What is the amount of tax to be deducted by Mr. Anay and Mr. Vivek, if any on consideration paid or payable for transfer of building and agricultural land?
- Rs 1,20,000 by Mr. Anay and Nil by Mr. Vivek
 - Rs 1,50,000 by Mr. Anay and Nil by Mr. Vivek
 - Rs 1,50,000 by Mr. Anay and Rs 65,000 by Mr. Vivek
 - Rs 1,50,000 by Mr. Anay and Rs 65,000 by Mr. Vivek
- 13.2. What amount of capital gains is chargeable to tax in hands of Mr. Sarthak in respect of transfer of building?
- LTCG Rs 20,73,214
 - LTCG Rs 27,69,643
 - LTCG Rs 7,69,643
 - STCG Rs 55,00,000
- 13.3. Assuming that Mr. Sarthak has other income exceeding basic exemption limit the tax liability (excluding surcharge and health and education cess) on transfer of building and agricultural land, would be-
- ₹ 5,53,930
 - ₹ 1,53,930
 - ₹ 7,53,930
 - ₹ 16,50,000

13.4. What amount of income is chargeable to tax in hands of Mr. Anay in respect of transfer of building?

- (a) ₹ 20 lakh
- (b) ₹ 30 lakh
- (c) ₹ 15 lakh
- (d) Nil

Answer Keys

Question No.	Answer
13.1	(b)
13.2	(a)
13.3	(c)
13.4	(b)

Q.14. Mr. Narendra Sharma, aged 54 years, an Indian citizen, carrying on retail business in Dubai. He frequently visits India for business purpose. Details of his visits in India are as follows:

- 1) Came to India on 03.12.2018 and left India on 26.04.2019
- 2) Again came to India on 09.09.2021 and left India on 10.01.2021
- 3) Again came to India on 27.12.2022 and left India on 20.02.2023

Afterwards he decided to shift permanently in India and closed his business in Dubai. So, he came to India on 27.11.2023 and joined Indian Company “Cosmos Heritage India Limited” at registered office in Mumbai from 01.12.2023. From December 2023, he has taken a flat on rent for ₹ 60,000 per month from Mr. Sarthak, an Indian resident, and Mr. Sarthak has provided his PAN No. to Mr. Narendra Sharma.

Following details of his salary income earned in India:

- Basic Salary – ₹ 2,75,675 per month
- COLA (Cost of Living Allowance) (forms part of retirement benefits) – ₹ 1,20,200 p.m.
- HRA – ₹ 1,37,838 per month
- Other Allowances – ₹ 1,56,000 per month

For the period from April 2023 to November 2023, his business income arising in Dubai is ₹ 26,00,000 and the turnover for the for the P.Y 2022-23 was ₹ 95,00,000. He is not liable to pay any tax in Dubai. Such business is controlled from Dubai.

He is active in equity share trading after coming to India. Following are the details of his portfolio:

S. No	Sale/ Purchase	Company	Date of Purchase/ Sale	Qty	Price per Share (₹)	Brokerage
1.	Purchase	First Smile Ltd	10.12.2023	250	203	1.5%
2	Purchase	Rainbow Ltd	10.12.2023	50	503	1.5%
3.	Purchase	Mega Service Ltd	12.12.2023	150	82	1.5%
4.	Sale	First Smile Ltd	18.12.2023	100	325	1.8%
5.	Purchase	Mega Service Ltd	15.12.2023	110	110	1.5%
6.	Sale	Mega Service Ltd	26.12.2023	150	100	1.8%
7.	Purchase	Rainbow Ltd	28.12.2023	200	385	1.5%
8.	Purchase	Rainbow Ltd	03.01.2024	100	465	1.5%
9.	Sale	First Smile Ltd	23.03.2024	200	150	1.8%

10.	Sale	Mega Service Ltd	26.03.2024	110	110	1.8%
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Rainbow Limited declared an interim dividend of 200% on 28.02.2024 (face value of each share is ₹ 10). The record date was 31.1.2024. He does not opt to pay tax as per section 115BAC.

Based on the facts of the case scenario given above, choose the most appropriate answer to the following questions:

- 14.1. What is the residential status of Mr. Narendra for the previous year 2023-24?
- Resident
 - Resident but not ordinary resident
 - Non-resident
 - Deemed resident
- 14.2. Which of the following statements is correct, in respect of dividend paid by Rainbow Ltd. to Mr. Narendra?
- Dividend received from Rainbow Ltd is exempt in the hands of Mr. Narendra. Hence, no tax is required to be deducted at source.
 - Dividend received from Rainbow Ltd is taxable in the hands of Mr. Narendra but, since the dividend is less than ₹ 10,000, no tax is required to be deducted at source.
 - Dividend received from Rainbow Ltd is taxable in the hands of Mr. Narendra. Tax of ₹ 525 is required to be deducted at source.
 - Dividend received from Rainbow Ltd is taxable in the hands of Mr. Narendra. Tax of ₹ 700 is required to be deducted at source.
- 14.3. What shall be the TDS liability of Mr. Narendra for rent paid to Mr. Sarthak?
- There is no TDS liability of Mr. Narendra, since he is a salaried individual.
 - Mr. Narendra is liable to deduct TDS u/s 194-I of ₹ 6,000 for each month.
 - Mr. Narendra is liable to deduct TDS u/s 194IB of ₹ 3,000 for each month
 - Mr. Narendra is liable to deduct TDS u/s 194IB of ₹ 9,000 in the month of March 2024
- 14.4. What would be income chargeable to tax under the head “Income from Salaries” in the hands of Mr. Narendra for the A.Y. 2024-25:
- ₹ 26,27,202
 - ₹ 26,77,202
 - ₹ 27,08,852
 - ₹ 26,58,852
- 14.5. What is the amount of short-term capital gain chargeable to tax in the hands of Mr. Narendra on sale of shares for the P.Y. 2023-24:
- ₹ 21,860
 - ₹ 13,556
 - ₹ 8,018
 - ₹ 11,708

Answer Keys

Question No.	Answer
14.1	(d) Deemed resident
14.2	(d)
14.3	(d) Mr. Narendra is liable to deduct TDS u/s 194IB of ₹ 9,000 in the month of March 2024
14.4	(a) ₹ 26,27,202

Q.15. Mr. Akshaya Biyani celebrated his 26th birthday on 15th May 2023 and arranged a grand party at Radisson Blu hotel. On this occasion, he invited his friends, blood relatives and distant relatives to attend the party. The ceremony was very grand, the feast was also very spectacular. All the arrangements and decorations were absolutely wonderful. At the end of party, Mr. Akshaya was awarded by gifts and flower's bouquet as infra:

Gifts received From	Type of Gift	Remarks
Mother	One 22K Gold Chain	She purchased on the same day for ₹ 37,822
Father	One 22K Gold Bracelet	He purchased on the same day for ₹ 56,075
Wife	4 Gold Rings	She purchased these rings on 15.5.2022 for ₹ 35,500 each. Fair market value on 15th May 2023 is ₹ 37,429 each.
Sister	Painting	This painting is made by her. Fair market value is ₹ 45,000.
Cousin brother (Father's brother's son)	One Gold chain	He purchased it on the same day for ₹ 18,200.
Closest cousins (mother's sister's sons/daughters)	I-20 Car	Value of ₹ 4,10,000
Friends and other distant Relatives	Cash	₹ 1,51,000

Mr. Akshaya desires to set up a new manufacturing unit with his friend in partnership on 1.12.2023. For making investment in the firm, he sold following jewellery which he has received on his 26th birthday celebration as gifts:

- Mother's gifted Gold Chain for ₹ 42,150
- Father's gifted Gold Bracelet for ₹ 60,180
- Cousin brother's gifted Gold Chain for ₹ 20,600

His wife gave him ₹ 1 lakh as a gift so that he could invest sufficient money in the unit.

On 1st December 2023, he invested ₹ 6,00,000 (including the amount received on sale of above gifts and amount received from his wife) and his friend invested ₹ 4,00,000 in the firm.

On 1st February 2024, his wife again gave him ₹ 1 lakh as a gift to invest such money in the firm and apart from that he invested

₹ 50,000 more from his individual savings. On this day, his friend also invested ₹ 1,00,000 in the firm.

Since the firm is a manufacturing unit and at initial stage, the firm requires sufficient fund so Mr. Akshaya sold his wife's gifted Gold Rings for ₹ 40,250 each as on 31st March 2024 and he deployed the funds as partner's capital in the firm on 01st April, 2024.

Based on the facts of the case scenario given above, choose the most appropriate answer to the following questions:

- 15.1. What is the amount of capital gain taxable in the hand of Mr. Akshaya for P.Y. 2023-24?
- Short term capital gains ₹ 10,833
 - Short term capital gains ₹ 29,833
 - Short term capital gains ₹ 22,117
 - No, capital gains is taxable in his hands, since he received the capital assets as gift.
- 15.2. What is the gift amount not considered as income under section 56(2)(x) for P.Y. 2023-24?
- ₹ 8,98,613
 - ₹ 3,06,813
 - ₹ 9,16,813
 - ₹ 7,16,813
- 15.3. What is the gift amount taxable in the hands of Mr. Akshaya for P.Y. 2023-24?
- ₹ 1,51,000
 - ₹ 1,69,200
 - ₹ 5,79,200
 - ₹ 5,61,000
- 15.4. Is any amount taxable in the hands of Akshaya's wife in respect of sale of jewellery by Mr. Akshaya, if yes, what shall be the taxable amount in her hands for P.Y. 2021-22?
- No
 - Yes; ₹ 15,284
 - Yes; ₹ 19,000
 - Yes; ₹ 11,284

Answer Keys

Question No.	Answer
15.1	(a) Short term capital gains ₹ 10,833
15.2	(c) ₹ 9,16,813
15.3	(a) ₹ 1,51,000
15.4	(c) Yes, ₹ 19,000

Q.16. Mr. Rajesh gifted ₹ 15 lakhs to his wife, Raavi on her birthday on, 23rd February, 2023. Raavi lent ₹ 6,00,000 out of the gifted amount to Karuna on 1st April, 2023 for six months on which she received interest of ₹ 30,000. The said sum of ₹ 30,000 was invested in shares of a listed company on 18th October, 2023, which were sold for ₹ 66,000 on 25th March, 2024. Securities transactions tax was paid on purchase and sale of such shares. The balance amount of gift was invested on 1st April 2023, as capital by Raavi in her new business. She suffered loss of ₹ 22,000 in the business in Financial Year 2023- 24. Raavi is working with a Private company as sales executive at a salary of ₹ 62,000 p.m. She paid ₹ 3,500 p.m towards tuition fees for her daughter Riya studying in St. Thomas School, Mumbai.

Rajesh is working with an MNC on a monthly salary of ₹ 64,000. He has gifted ₹ 1,25,000 to Riya on her 13th Birthday. This amount is deposited as 2 years term deposits with SBI bank in her name. On which interest of ₹ 11,500 is earned during the previous year 2023-24. Both Mr. Rajesh and Mrs. Raavi opt to pay tax under section 115BAC.

Based on the facts of the case scenario given above, choose the most appropriate answer to the following questions:

- 16.1. In whose hands, the interest income received from Karuna and interest on fixed deposits in the name of Riya would be included?
- both interest income to be included in the hands of Mr. Rajesh
 - both interest income to be included in the hands of Mrs. Raavi
 - interest income from Karuna to be included in the hands of Mrs. Raavi and interest on two years terms deposits to be included in the hands of Mr. Rajesh.
 - interest income from Karuna to be included in the hands of Mr. Rajesh and interest on two years terms deposits to be included in the hands of Mrs. Raavi.
- 16.2. In whose hand's loss from business and capital gains would be included in Assessment Year 2023-24? Assume that capital invested in the business was entirely out of the funds gifted by her husband.
- Both loss from business and capital gains would be included in the hands of Mr. Rajesh
 - Both loss from business and capital gains would be included in the hands of Mrs. Raavi
 - Loss from business included in the hands of Mr. Rajesh and capital gains included in the hands of Mrs. Raavi
 - Loss from business included in the hands of Mrs. Raavi and capital gains included in the hands of Mr. Rajesh
- 16.3. What would be the total income of Mrs. Raavi for the previous year 2023-24?
- ₹ 6,88,000
 - ₹ 7,80,000
 - ₹ 7,91,500
 - ₹ 7,90,000
- 16.4. What would be total income of Mr. Rajesh for the previous year 2023-24?
- ₹ 7,76,000
 - ₹ 8,09,500
 - ₹ 8,08,000
 - ₹ 7,98,000

Answer Keys

Question No.	Answer
16.1	(d) interest income from Karuna to be included in the hands of Mr. Rajesh and interest on two years terms deposits to be included in the hands of Mrs. Raavi.
16.2	(c) Loss from business included in the hands of Mr. Rajesh and capital gains included in the hands of Mrs. Raavi
16.3	(c) ₹ 7,91,500
16.4	(a) ₹ 7,76,000

Q.17. Miss Hetal transferred to his husband Mr. Hemant, a residential property worth ₹ 45 lakhs located in Nagpur without any consideration. The expected rent of such property is ₹ 5 lakhs. Municipal tax of ₹ 5,000 paid for this property during the previous year 2023-24. Miss Hetal has three residential properties in Mumbai. The expected rent from the 3 properties situated in Mumbai is ₹ 10 lakhs, ₹ 11 lakhs and ₹ 12 lakhs respectively. She purchased the properties out of her own funds. Municipal taxes due are ₹ 15,000, ₹ 20,000 and ₹ 25,000. The same have, however, not been paid this year in respect of the three properties. The

expected rent is lesser than the standard rent in case of all the aforementioned properties. Miss Hetal does not have any income from any other source.

Miss Hetal's father, aged 58 years had capital gains of ₹ 5 crores from sale of house property. He reinvested the proceeds from sale in another residential house of ₹ 4.98 crores and the remaining sale proceeds were deposited in his savings bank account. He has paid ₹ 1,50,000 towards LIC premium. He has no other source of income.

Miss Hetal's grandfather is aged 81 years and has interest income on fixed deposits of ₹ 6 lakhs. He has no other income for the P.Y 2023-24. He has to fly to USA for his treatment of cancer on 31st July, 2024 and his return of income is not filed before his flying to USA.

Based on the facts of the case scenario given above, choose the most appropriate answer to the following questions:

- 17.1. What is the amount of income liable to be taxed in the hands of Miss Hetal under the head "Income from House Property" for A.Y.2024-25?
- (a) ₹ 7,00,000
 - (b) ₹ 10,46,500
 - (c) ₹ 10,50,000
 - (d) ₹ 13,76,500
- 17.2. What would be tax liability of Miss Hetal for the assessment year 2023-24? Compute in a manner so that her tax liability is minimum.
- (a) ₹ 66,300
 - (b) ₹ 88,400
 - (c) ₹ 87,670
 - (d) ₹ 1,31,510
- 17.3. Is Hetal's father required to furnish return of income in India for the A.Y.2024-25?
- (a) No, he is not required, since his income does not exceed basic exemption limit
 - (b) Yes, he is required to furnish return of income on or before 31st July,2024
 - (c) Yes, he is required to furnish return of income on or before 30th September, 2024
 - (d) Yes, he is required to furnish return of income on or before 31st October, 2024
- 17.4. Is Miss Hetal's grandfather required to pay advance tax during the previous year 2022-23?
- (a) No, he is not required to pay advance tax, since he is a senior citizen
 - (b) Yes, he is required to pay advance tax, since his tax liability exceeds ₹ 10,000
 - (c) No, he is not required to pay advance tax, since he is a senior citizen and he is not having any income under the head "Profits and gains from business or profession"
 - (d) Yes, he is required to pay advance tax, since his total income exceeds basic exemption limit of ₹ 5,00,000

Answer Keys

Question No.	Answer
17.1	(b) ₹ 10,46,500
17.2	(c) ₹ 87,670
17.3	(b) Yes, he is required to furnish return of income on or before 31st July,2024
17.4	(c) No, he is not required to pay advance tax, since he is a senior citizen and he is not having any income under the head "Profits and gains from business or profession"

Q.18. Ms. Chanchal, aged 45, provides the following data of her gross receipts for the financial year 2022-23 and 2023-24. She is engaged in agency business along with providing services as tarot card reader.

F.Y.	Receipts from business (₹)	Receipts from profession (₹)	Total Gross Receipts (₹)
2022-23	1,05,00,000	47,00,000	1,52,00,000
2023-24	98,00,000	49,00,000	1,47,00,000

She paid an amount of ₹ 12,00,000 to a contractor for polishing her old furniture in her self-occupied residential house property on 12.04.2023. Further on 05.06.2023, she has taken services from renowned interior designer for the same residential house property for which she paid ₹ 2,50,000.

Further, on 28.05.2023 she sold one commercial property for ₹ 50,00,000. The stamp duty value on the date of registration is ₹ 58,00,000. The value adopted for stamp duty was ₹ 54,00,000 on the date of agreement (part payment by account payee cheque was received on the date of agreement). It was purchased for ₹ 40,00,000 on 28.06.2021. (Cost Inflation Index for F.Y. 2023-24: 348, F.Y. 2021-22: 289 FY 2023-24: 381).

The brought forward long-term capital loss from unlisted shares of F.Y. 2022-23 is ₹ 5,50,000. During the year, Ms. Chanchal incurred a loss of ₹ 70,00,000 while trading in the agricultural commodity derivatives (no CTT paid).

Ms. Chanchal does not want to opt for the new tax regime available under section 115BAC for A.Y. 2024-25.

Based on the facts of the case scenario given above, choose the most appropriate answer to the following questions: -

- 18.1. Is Ms. Chanchal liable to tax audit under the Income-tax Act, 1961 for the P.Y. 2023- 24?
- Yes, as the total gross receipts exceeds ₹ 1,00,00,000
 - No, as the gross receipts from business or profession are below the specified threshold limits.
 - Yes, as the gross receipts from business exceeds ₹ 50,00,000
 - Yes, as the gross receipts from profession exceeds ₹ 25,00,000
- 18.2. With respect to payment made to contractor and to the interior designer during the P.Y. 2023-24, Ms. Chanchal consulted various persons and they have the following views -
- She is required to deduct tax at source under section 194C and 194J, since her turnover from business for the previous year 2022-23 exceeds ₹ 1,00,00,000
 - She is required to deduct tax at source under section 194M on both the payments
 - She is not required to deduct tax at source neither under section 194C nor under section 194J, since such amounts are paid for personal purposes
 - She is not required to deduct tax at source under section 194M, since payment to each individual does not exceed ₹ 50,00,000
 - Which views are correct?
 - (iii) and (iv) views are correct
 - (i) view is correct
 - (ii) view is correct
 - (i) and (iv) views are correct
- 18.3. What is the amount and nature of Capital gain chargeable to tax in the hands of Ms. Chanchal?
- ₹ 14,00,000 and Short-term capital gain.
 - ₹ 10,00,000 and Short-term capital gain.
 - ₹ 11,00,000 and Long-term capital gain.

(d) ₹ 7,00,000 and Long-term capital gain.

18.4. What is the amount of losses which can be carried forward to A.Y. 2024-25, assuming that business income is ₹ 45,00,000 and income from profession is ₹ 25,00,000 for the P.Y. 2023-24?

- (a) ₹ 5,50,000 under section 74
- (b) ₹ 70,00,000 under section 73
- (c) ₹ No loss is required to be carried forward, since brought forward loss and current year loss are set-off against current years income
- (d) ₹ 5,50,000 under section 74 and ₹ 70,00,000 under section 73

Answer Keys

Question No.	Answer
18.1	(b) No, as the gross receipts from business or profession are below the specified threshold limits.
18.2	(a) (iii) and (iv) views are correct
18.3	(b) ₹ 10,00,000 and Short-term capital gain.
18.4	(a) ₹ 5,50,000 under section 74

Q.19. Mr. Abhishek Seth, aged 42 years, is working as a CEO of Soil Limited. He provides you the following information for preparation and filing of his income-tax return for the year ended 31 March 2024:

- Salary, allowances and perquisites from Soil Limited - ₹ 1,35,00,000
- Dividend from ABC Ltd. which was declared in February, 2023 and received in April, 2023 - ₹ 4,55,000
- Dividend from PRQ Ltd. declared and received in July, 2023 - ₹ 5,90,000 (Gross)
- Interest income on saving bank account in SBI – ₹ 24,530
- Long term capital gains on transfer of residential house in Mumbai on 15th December, 2023 - ₹ 1,73,540
- Short term capital gain on transfer of listed equity shares (STT paid both at the time of transfer and acquisition) of Ind Ltd. - ₹ 73,00,000

He also furnished the following details of investment/ payments made by him during the P.Y. 2023-24:

- (a) Three-year post office time deposit - ₹ 25,000
- (b) Contribution to PPF - ₹ 35,000
- (c) Tuition fees of three children in Bharti Sr. Sec. School in Delhi - ₹ 20,000 per annum per children
- (d) Subscription to NHAI redeemable bonds after 5 years on 16th March, 2024- ₹ 2,00,000.

Further, his son Mr. Dhaval, aged 15 years, has also earned the following income:

- (a) Income from a quiz competition - ₹ 25,000
- (b) Interest on bank fixed deposit - ₹ 9,500

Assuming that the tax has been deducted on time, wherever applicable. Mr. Abhishek does not want to opt for the provision of section 115BAC.

Based on the facts of the case scenario given above, choose the most appropriate answer to the following questions:-

- 19.1. What is the quantum of income of Mr. Dhaval which is to be clubbed with income of Mr. Abhishek, if any, assuming that income of Mr. Abhishek is greater than the income of his spouse?
- (a) ₹ 34,500
 (b) ₹ 8,000
 (c) ₹ 33,000
 (d) ₹ 9,500
- 19.2. What is the gross total income of Mr. Abhishek for A.Y. 2024-25?
- (a) ₹ 2,13,72,530
 (b) ₹ 2,14,22,530
 (c) ₹ 2,13,64,530
 (d) ₹ 2,15,46,070
- 19.3. What is the amount of deduction allowable under section 80C to Mr. Abhishek?
- (a) ₹ 1,00,000
 (b) ₹ 1,20,000
 (c) ₹ 95,000
 (d) ₹ 75,000
- 19.4. What shall be the tax liability of Mr. Abhishek for A.Y. 2024-25?
- (a) ₹ 62,67,350
 (b) ₹ 61,04,100
 (c) ₹ 59,60,050
 (d) ₹ 61,45,610

Answer Keys

Question No.	Answer
19.1	(b) ₹ 8,000
19.2	(a) ₹ 2,13,72,530
19.3	(d) ₹ 75,000
19.4	(b) ₹ 61,04,100

Q.20. M/s Abhinav & sons, a sole proprietorship is engaged in the business of manufacturing pharmaceutical products and it had started its business on 20th June 2019. Tax head of M/s Abhinav & sons furnishes you the following particulars for the year ended 31 March 2024:

- Income under the head PGBP - ₹ 5,75,22,750
- Interest on fixed deposits (Gross) - ₹ 12,50,000 [The same was received on 30th April, 2023 after deduction of tax at source]
- Donation to PM Cares Fund - ₹ 2,50,000
- Turnover during pervious year 2023-24 - ₹ 15,50,00,000

M/s Abhinav & sons does not want to opt for the provisions of section 115BAC. It has employed total 150 employees during the P.Y. 2022-23 with an annual increment of 10% in their monthly emoluments. Details of the same are as under:

Date of joining	No. of employees	Employee category	Monthly emoluments per employee (₹)	Participate in recognised provident fund
1.5.2023	50	Regular	26,500	Yes
1.6.2023	65	Casual	23,000	No
1.7.2023	35	Regular	22,500	Yes

It has employed further 50 employees during the P.Y. 2022-23. Details of the same are as under:

Date of joining	No. of employees	Employee category	Monthly emolument s per employee	Participate in recognised provident fund
1.4.2022	20	Regular	21,000	Yes
1.8.2022	30	Regular	26,000	Yes

Emoluments to all the employees are being paid by way of account payee cheque only. No employees have left the job during P.Y. 2022- 23 as well as during P.Y. 2023-24.

Based on the facts of the case scenario given above, choose the most appropriate answer to the following questions:

- 20.1. What is the due date of filing of return of income of M/s Abhinav & sons for A.Y. 2024-25?
- (a) 31st July, 2024
 (b) 30th November, 2024
 (c) 30th September, 2024
 (d) 31st October, 2024
- 20.2. What shall be the amount of deduction available to M/s Abhinav & sons under section 80JJAA for A.Y. 2024-25?
- (a) Rs 36,38,250
 (b) Rs 15,12,000
 (c) Rs 46,30,500
 (d) Rs 33,84,000
- 20.3. What would be the total income of M/s Abhinav & sons for the A.Y. 2024-25?
- (a) ₹ 5,70,10,750
 (b) ₹ 5,48,84,500
 (c) ₹ 5,57,60,750
 (d) ₹ 5,52,64,250
- 20.4. What would be the tax payable of M/s Abhinav & sons for the A.Y. 2024-25?
- (a) ₹ 2,47,47,810
 (b) ₹ 1,94,68,310
 (c) ₹ 2,31,92,680
 (d) ₹ 2,30,67,680

Answer Keys

Question No.	Answer
20.1	(d)
20.2	(a) ₹ 36,38,250
20.3	(b) ₹ 5,48,84,500
20.4	(d) ₹ 2,30,67,680

Q.21. Mr. X wanted to file his return of income for the previous year 2023-24. He required assistance for which he has approached you. He has shared the following details relevant to the P.Y. 2023-24.

Mr. X, owned a house property in Mumbai and the same was rented out for ₹ 70,000 p.m. He claims that this was the only income which he earned during the P.Y. 2023-24. However, when you had sought for his bank statement, you observed the following information additionally.

There is a credit for Rs 23,975/- towards income-tax refund which included ₹ 5,775 towards interest on income-tax refund. On 15th August, 2023, the bank statement showed a credit of ₹ 55,000 which he claimed to have received as a gift from his grandchildren on his 60th birthday. On further assessment you were able to understand that Mr. X and his wife had travelled to Australia during the P.Y. 2023-24 to spend some time with their daughter, who is staying in Australia, since her marriage. On scrutiny of their passport and relevant documents you conclude that they had left India on 27th September, 2023 and returned on 30th March, 2024. During the 4 years preceding previous year 2023-24, both had stayed in India for 320 days. Prior to that, they had been staying only in India.

Based on the facts of the case scenario given above, choose the most appropriate answer to the following questions:

- 21.1. What is the residential status of Mr. X for the P.Y. 2023-24?
- (a) Resident and ordinarily resident
 - (b) Resident but not ordinarily resident
 - (c) Non-resident
 - (d) Deemed resident but not ordinarily resident
- 21.2. Mr. X requests you to compute his tax liability for the A.Y. 2024-25 in a manner such that his tax liability is minimum. Accordingly, his tax liability would be
- (a) ₹ 22,750
 - (b) ₹ 29,910
 - (c) ₹ 32,510
 - (d) ₹ 20,150
- 21.3. In continuation to question 21.2, what would be tax liability of Mr. X for the A.Y. 2024-25, if he had paid ₹ 1,00,000 towards life insurance premium for self?
- (a) ₹ 20,150
 - (b) ₹ 29,910
 - (c) ₹ 10,400
 - (d) Nil
- 21.4. Mr. X had given the house property at Mumbai on rent to Mr. Y, a salaried employee. Is there any requirement to deduct tax at source on such rent by Mr. Y, if yes, what would be the amount of TDS to be deducted?
- (a) No, there is no requirement to deduct tax at source, since Mr. Y is a salaried employee
 - (b) Yes, Mr. Y is required to deduct tax at source of ₹ 42,000
 - (c) Yes, Mr. Y is required to deduct tax at source of ₹ 31,500
 - (d) No, there is no requirement to deduct tax at source, since Mr. X is a non-resident
- 21.5. Which of the following statements is correct with respect to advance tax liability of Mr. X for P.Y. 2023-24?
- (a) Advance tax liability shall not arise to Mr. X since he is a non-resident
 - (b) Advance tax liability shall not arise, since Mr. X is a resident senior citizen and he has no income chargeable under the head "Profits and gains of business or profession"
 - (c) Advance tax liability shall arise, since he is a non-resident
 - (d) Advance tax liability shall arise, since his tax liability is not less than ₹ 10,000.

Answer Keys

Question No.	Answer	
21.1	(a)	Resident and ordinarily resident
21.2	(a)	₹ 22,750
21.3	(d)	Nil
21.4	(c)	Yes, Mr. Y is required to deduct tax at source of ₹ 31,500
21.5	(b)	Advance tax liability shall not arise, since Mr. X is a resident senior citizen and he has no income chargeable under the head "Profits and gains of business or profession"

Q.22. Mrs. Seetha is a retired Government employee. She was born on 20.04.1943 in India. She is residing in Bangalore. She has stayed with her elder daughter Mrs. Sakshi from 4th April, 2023 to 18th September, 2023, who is residing in Singapore. She stayed in India for 360 days during the 4 previous years preceding the previous year 2023-24. During the previous year 2023-24, pension of ₹ 8,14,592 (Net of TDS) is credited in her account with State Bank of India, Town Hall Branch, Bangalore after deducting tax at source of ₹ 16,031. She received interest of ₹ 5,945 on her Saving A/c with SBI during the previous year 2023-24. She also received interest of ₹ 58,500 on Fixed Deposits with SBI in the month of April, 2023.

She has purchased two life insurance policies for her son Mr. Sohan and married daughter Mrs. Shobha, the details of which are as follows:

Person insured	Policy purchased on	Date of payment of premium	Sum Assured	Premium paid
Mr. Sohan (39 years old)	23.10.2021	23.10.2023	₹ 9,64,655	₹ 1,05,388
Mrs. Shobha (41 years old)	17.10.2021	17.10.2023	₹ 2,00,000	₹ 20,000

She has taken a medical insurance for herself for which she paid an amount of ₹ 12,000 towards health insurance premium by A/c payee cheque. She incurred ₹ 6,500 towards preventive health check-up of herself and her husband in cash. She also incurred medical expenditure of ₹ 18,000 in cash in the month of January 2023 for her husband. In the month of March 2024, she incurred medical expenditure of ₹ 5,500 for herself, which is paid by account payee cheque. She has given a wristwatch of ₹ 6,000 on her husband's 80th birthday. Her husband is resident in India for the P.Y. 2023-24. Mrs. Seetha does not opt to pay tax under section 115BAC.

Based on the facts of the case scenario given above, choose the most appropriate answer to the following questions:

- 22.1. What would be amount of deduction Chapter VI-A available to Mrs. Seetha for the A.Y. 2024-25?
- (a) ₹ 1,83,466
 - (b) ₹ 1,39,411
 - (c) ₹ 1,91,466
 - (d) ₹ 1,88,966

- 22.2. What would be Gross total income of Mrs. Seetha for the assessment year 2024-25?
 (a) ₹ 9,01,568
 (a) ₹ 8,51,568
 (b) ₹ 8,45,068
 (c) ₹ 8,35,538
- 22.3. What is amount of net tax payable/refundable of Mrs. Seetha for the A.Y. 2024-25?
 (a) ₹ 45,360
 (b) ₹ 29,330
 (c) ₹ 22,830
 (d) ₹ 25,430
- 22.4. What would be total income of Mrs. Seetha for the assessment year 2024-25, if she opts to pay tax under section 115BAC?
 (a) ₹ 9,01,570
 (b) ₹ 8,51,570
 (c) ₹ 8,95,070
 (d) ₹ 8,45,540
- 22.5. What is amount of net tax payable/refundable of Mrs. Seetha for the A.Y. 2024-25, if she opts to pay tax under section 115BAC?
 (a) ₹ 62,640
 (b) ₹ 46,610
 (c) ₹ 12,530
 (d) ₹ 40,110
 (e)

Answer Keys

Question No.	Answer
22.1	(a) ₹ 1,83,466
22.2	(b) ₹ 8,51,568
22.3	(c) ₹ 22,830
22.4	(a) ₹ 9,01,570
22.5	(d) ₹ 40,110

- Q.23.** Ms. Priya is engaged in the business of generation and distribution of power and opts the WDV method for claiming Depreciation. She has an opening block of ₹ 50,00,000. She acquired new machinery for ₹ 25,00,000 on 15th Nov 2022. She also imported a new machinery from Zurich for ₹ 10,00,000 on 14th Apr. 2023. This machine was used there earlier and she is the first user in India. Additionally, she bought computers for ₹ 5,00,000 on 9th Sep 2023. You are required to compute the allowable depreciation under income tax act, 1961 for AY.2024-25.
 (a) ₹ 37,16,000
 (b) ₹ 5,40,625
 (c) ₹ 12,65,000
 (d) ₹ 16,37,000

Answer Keys

Question No.	Answer
23.1	(d) ₹ 16,37,000

Q.24. Mr. Rajan, aged 62 years, an Indian citizen resides in Delhi. His wife Sheetal and daughter Riya also reside with him. Riya, aged 16 years, is studying in 12th Standard in DAV school at New Delhi. Mr. Rajan left for employment to the United States of America on 15th September, 2023 but his family did not accompany him. He returned to India on 25th March 2024. Mr. Rajan had gone outside India for the first time in his life. During April, 2023 to September, 2023, he was working with a multinational company in Delhi. He earned salary of ₹ 14,00,000 from his job in India. He paid Tuition Fee of ₹ 1,80,000 for Riya's education in DAV school.

Apart from that, Mr. Rajan also earned professional income of ₹ 60,00,000 (Gross Receipts – ₹ 90 lakhs) from India. During the year, he also earned interest from his Indian savings bank account to the tune of ₹ 12,000 and interest from Fixed deposits with nationalized banks of ₹ 45,000. Mr. Rajan also earned a salary income equivalent to ₹ 6,00,000 from USA for his job, on which no tax is paid or payable in USA, which was deposited in his bank account in USA and later on remitted to India. Mr. Rajan decides not to opt to pay tax under section 115BAC.

Based on the facts of the case scenario given above, choose the most appropriate answer to the following questions:-

- 24.1 What is the residential status of Mr. Rajan for the previous year 2023-24?
- (a) Resident and ordinarily in India
 - (b) Resident but not ordinarily resident in India
 - (c) Non-resident in India
 - (d) Deemed resident but not ordinarily resident in India
- 24.2 What would be the income chargeable to tax under the head "Salaries" in the hands of Mr. Rajan in India for F.Y. 2023-24?
- (a) ₹ 20,00,000
 - (b) ₹ 19,50,000
 - (c) ₹ 13,50,000
 - (d) ₹ 19,60,000
- 24.3 How much deduction is available under Chapter VI-A from the Gross Total Income of Mr. Rajan?
- (a) ₹ 2,30,000
 - (b) ₹ 1,95,000
 - (c) ₹ 1,60,000
 - (d) ₹ 2,00,000
- 24.4 What shall be the tax liability of Mr. Rajan for the A.Y. 2024- 25?
- (a) ₹ 22,69,810
 - (b) ₹ 22,58,940
 - (c) ₹ 22,56,010
 - (d) ₹ 22,72,670
- 24.5 What would be the due date for filing income-tax return of Mr. Rajan for the P.Y. 2023-24?
- (a) 31st July, 2024
 - (b) 31st October, 2024
 - (c) 30th November, 2024
 - (d) 31st March, 2025

Answer Keys

Question No.	Answer
24.1	(d) Deemed resident but not ordinarily resident in India
24.2	(c) ₹ 13,50,000
24.3	(d) ₹ 2,00,000
24.4	(c) ₹ 22,56,010
24.5	(b)

